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PP RUEHB1 RUEHCI RUEHNEH
DE RUEHNE #3224/01 3581016
ZNR UUUUU ZZH
P 231016Z DEC 08
FM AMEMBASSY NEW DELHI
TO RUEHC/SECSTATE WASHDC PRIORITY 4840
INFO RUCPDOC/USDOC WASHDC
RHEHNSC/NSC WASHDC
RUEKJCS/SECDEF WASHDC
RHHJJPI/PACOM IDHS HONOLULU HI
RUEKJCS/Joint STAFF WASHDC
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RUEHKT/AMEMBASSY KATHMANDU 2250
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RHOVVKG/COMSEVENTHFLT
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STATE FOR SCA/PPD, PA/RRU

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USDOC FOR 4530/IEP/ANESA/OSA FOR BILL MURPHY

E.O. 12958:N/A

TAGS: KMDR KPAO PGOV PREL IN

SUBJECT: MEDIA REACTION: INDIA-PAKISTAN RELATIONS, GLOBAL ECONOMY: FINANCIAL MARKET CRISIS; NEW DELHI.

This cable reports on relevant media reaction from India's large non-English press. Embassy New Delhi reports on English-language media via email in the daily "Early Edition." USG customers please write to Geeta Krishali (KrishaliG@state.gov) to subscribe to the "Early Edition."

INDO-PAKISTAN RELATIONS

¶ 1. "BEATING OF WAR DRUMS" editorial in the December 23, 2008, multi-edition right-of-center Gujarati daily GUJARAT SAMACHAR. "It seems that war beats have gathered momentum. A feeling rather than a sense of belief is running deep in the nerves of the people of India that Pakistan needs to be taught a lesson for its complicity in the acts of terrorism against India... What we also need to remember is that at times there is a need to adopt a tough stand against terrorism like the U.S. President Bush might have been reviled for his 'war monger' image but one thing is certain: that his policy of 'war against terror' has insulated America from acts of terrorism post 9/11. Bush might have faced protest in the form of shoes hurled at him, but as a competent leader he has succeeded in ensuring the safety of his fellow Americans.... The leaders of India need a modern 'Chanakya' [the great Indian thinker on statecraft] who can teach them that at times war also becomes necessary when the question is of the security and welfare of the citizenry."

¶2. "MUCH TO PAKISTAN'S BENEFIT, INDIA HAS WOKEN UP PRETTY LATE" editorial in the December 23, 2008, Mumbai edition of left-of-center Marathi daily MAHARASHTRA TIMES.

"India's defense minister AK Antony recently observed that India is keeping open the option of a military strike against Pakistan, especially in the context of the duplicitous role played by Pakistan in the Mumbai terror attacks. But about a fortnight ago, Antony had sought to allay widespread fears of a war with Pakistan. It is apparent that India is not at all decided about its political and military policy towards Pakistan. The likes of Pakistani President Asif Ali Zardari have noticed this indecisiveness. Little wonder that Zardari merely makes a show of a crackdown on anti-India militants. While Zardari continues with his diplomacy, the ISI and the Pakistani military continue with their anti-India stance... India's political stance is not making the necessary impact on Pakistan. That's precisely because Pakistan knows that India is waiting for things to happen. It hopes and wishes that Pakistan will be reined in by the U.S. but the solution does not lie with the U.S. The solution lies in a quick audit of the possible scenarios against Pakistan, and, of course, quicker action..."

GLOBAL ECONOMY: FINANCIAL MARKET CRISIS

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¶3. "WHAT NEXT?" editorial in December 23 nationalist Kolkata Bengali ANANDABAZAR PATRIKA. "...Economic theories say that investments increase when rates of interest decline... All countries, therefore, go this way when there is economic recession... But the theories that appear to be 'without flaws' on pages of economics books may not be that effective in reality. The zero-interest rate policy is one of these theories. In the present U.S. economic market, the extent of distrust is too strong. As a result, there is no guarantee that banks will offer loans even if interest rates are accessible. Practically, that is the possibility... On the other hand, once the zero-interest rate is announced as the last weapon it sends a strong signal to the market that there is nothing more to be done. Investors, subsequently, may have a negative feeling that might decrease the possibility of success. The economic crisis accentuates this... The question remains whether the Federal Reserve Chairman has changed his stance in the last decade, or whether the pressure from the current economic crisis has forced him to tread this path."

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